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Letter dated 4 May 2012 from the President of the Governing Council of the United Nations Compensation Commission addressed to the President of the Security Council

I am pleased to provide my report, as President of the Governing Council of the United Nations Compensation Commission on the results of the Governing Council's seventy-third session, which was held in Geneva from 1 to 3 May 2012. The full text of the conclusions adopted by the Governing Council are attached.* I would however like to highlight a few of the issues discussed during the session.

At the opening plenary meeting, Morocco was elected as one of the two Vice-Presidents of the Council. It is recalled that the other Vice-President is South Africa. Delegations from the Governments of Kuwait and Iraq addressed the Council. Copies of their statements are being sent by mail with the original of this letter. A delegation from the Committee of Financial Experts of Iraq also addressed the Council on the issue of payments to the Compensation Fund. Jordan, Kuwait and Saudi Arabia addressed the Council in respect of the Follow-up Programme for Environmental Awards, regarding their progress towards establishing the systems and controls required under decision 269 (2011) of the Governing Council (S/AC.26/DEC.269 (2011)). In addition, the Council considered a report from the Executive Head of the United Nations Compensation Commission secretariat on the activities of the Commission since the last session.

On the level of Iraq's contribution to the Compensation Fund, the Council noted that more than $3 billion was paid to Kuwait in the last three payments and also noted that, based on current levels of income to the Compensation Fund and recent projections, the outstanding balance of $16 billion could be paid in full as early as April 2015. With regard to the consultations between Iraq and Kuwait under the auspices of the United Nations Compensation Commission on the unpaid balance, the Council took note of the meeting the Executive Head and I had in January 2012 in Baghdad with the Minister for Foreign Affairs of Iraq and also took note of the statements made by the delegations of the Governments of Iraq and Kuwait at the opening plenary meeting regarding this issue. Noting the recent progress made by the two Governments to resolve other outstanding bilateral issues and that an early settlement through consultations was in the interest of both countries, the Council requested that I write to both Governments and reiterate the Commission's availability to convene a meeting of both Governments under the auspices of the Compensation Commission and that the Executive Head continue his efforts to facilitate the consultations.

* Not included in the present document.

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In its consideration of the issue of arrangements for ensuring payments are made to the Compensation Fund, the Council noted its satisfaction with the continued transfer of 5 per cent of Iraqi oil revenues to the Fund since the transfer of the oversight over Iraqi oil revenues to the Committee of Financial Experts. I am pleased to report that Dr. Abdulbasit, Head of the Committee of Financial Experts, advised the Governing Council at the opening plenary meeting that the mechanism for the valuation and transfer of the equivalent of 5 per cent of non-monetary revenue had been approved by the Ministry of Finance of Iraq and that in this regard, $109.9 million was recently transferred to the Fund in accordance with Security Council resolution 1956 (2010).

With respect to the Follow-up Programme for Environmental Awards, the Council considered the status of implementation of Governing Council decisions 258 (2005) and 269 (2011). Under decision 269, the Council took note of the continued progress made by each of the participating Governments towards establishing the systems and controls outlined in decision 269, and of the requests made by the Governments in their statements to maintain the Programme in its current form beyond 2012. Noting also that issues remain to be resolved in some cases, the Council reiterated the target date of 2012 and the need for sustained progress towards fulfilling the systems and controls, and directed that the Governments continue their focused work towards fulfilling the criteria under decision 269. The Council also considered the issue of political assurances under decision 269 and directed the secretariat to continue consultations with the participating Governments on a draft text of assurances with annexes, with a view to accepting agreed upon assurances at the seventy-fourth session, in November 2012.

Under decision 258, the Council took note of briefings by the secretariat on projects in Iran (Islamic Republic of), Jordan, Kuwait and Saudi Arabia, and of information notes from the secretariat and the biannual reports of the respective national focal points and independent reviewers. The Council made recommendations, approved phasing plans, authorized the release of funds from the respective special accounts as appropriate, and approved technical modifications in the case of Kuwaiti projects.

The Council adopted a report of the Committee on Administrative Matters regarding the final expenditure report for the biennium 2010-2011 and directed the secretariat to prepare the budget for 2013 relating to the Compensation Fund activities and the Follow-up Programme for the Committee's consideration in September 2012.

With the recent payment made in April 2012, there are now six remaining successful compensation awards (in the corporate and government claims categories), in favour of Kuwait. The overall amount of compensation made available to date by the Commission is approximately US$ 36.4 billion, and a total outstanding balance of $16 billion remains to be paid. The next payment is scheduled to be made on 26 July 2012.

The next Council session will be held from 27 to 29 November 2012.

(*Signed*) Hanns Heinrich **Schumacher**
President of the Governing Council